

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2002-770  
(PHASE II)

October 14, 2003

MAINE PUBLIC UTILITIES COMMISSION  
Petition of CMP Requesting that the Commission  
Approve and Find Prudent a Proposed  
Settlement Between CMP, FPL and Other  
Wyman 4 Joint Owners

ORDER APPROVING  
STIPULATION

WELCH, Chairman; DIAMOND and RESHUS, Commissioners

---

**I. SUMMARY**

We approve a Stipulation between the Office of the Public Advocate (OPA) and Central Maine Power Company (CMP). By the stipulation, OPA and CMP recommend that the Commission find that CMP acted prudently when it entered into settlement agreements with FPL Energy Maine, Inc. (FPL) and the minority owners of the Wyman unit 4 generating station in Yarmouth, Maine (the Wyman 4 Settlement). The Stipulation also recommends that the Commission permit CMP to defer the costs of the Wyman 4 Settlement for future recovery as a stranded cost or offset against the Asset Sale Gain Account (ASGA).

**II. BACKGROUND**

On June 27, 2003, Central Maine Power Company (CMP) filed a petition requesting that the Commission approve and find prudent a proposed settlement between CMP and FPL and a proposed settlement between CMP and the Wyman 4 Minority Joint Owners. The settlements resolve a dispute between CMP and FPL (and the other Wyman 4 owners) about whether the owners of Wyman 4 should be reimbursed by CMP for the transmission line losses on the 18-mile transmission line that connects Wyman 4 to the New England Power Pool Transmission Facilities (PTF).

The dispute over whether CMP should reimburse the Wyman 4 owners for the value attributable to line losses arises because of the Continuing Site/Interconnection Agreement (CSIA). The CSIA is between CMP and FPL, dated January 6, 1998, and is

part of the sale of CMP's generation assets to FPL.<sup>1</sup> FPL asserts that the CSIA requires CMP to measure the output of Wyman 4 at the generating station and not at the end of the transmission line connecting to PTF. CMP claims that by ISO market rules, the output of the station should be measured at the PTF connection.

By the terms of the Wyman 4 Settlement, the owners of Wyman 4 will be responsible for line losses attributable to delivering the Wyman 4 output to the PTF, and the Wyman 4 owners release their claims against CMP concerning the line losses. CMP agrees to pay the Wyman 4 owners \$630,000.

In its petition, CMP asks that it be permitted to offset the \$630,000, plus legal fees, against the ASGA, or alternatively, to defer the \$630,000 plus legal fees for future stranded cost rate recovery.

A technical conference was held on CMP's petition on September 4, 2003. At the conference, CMP discussed the reasons why it believed the Wyman 4 Settlement was reasonable from its point of view.<sup>2</sup> On September 26, 2003, the OPA and CMP filed a Stipulation. The IECG does not join but does not oppose the Stipulation.

The Stipulating Parties agree that CMP acted reasonably in entering the Wyman 4 Settlement and recommend that the Commission find CMP prudent for doing so. The Stipulating Parties also urge the Commission to grant CMP the accounting and ratemaking treatment it seeks, including the recovery of reasonable legal fees associated with the resolution of the Wyman 4 dispute.

### **III. DECISION**

We have reviewed CMP's petition and the protected information describing CMP's assessment of the dispute and reasonableness of the Wyman 4 Settlement. We agree with the Stipulating Parties that CMP's action in agreeing to the Wyman 4 Settlement was prudent and consistent with CMP's obligation to minimize stranded costs. Therefore, we will authorize the accounting and ratemaking treatment the Stipulating Parties recommend.

---

<sup>1</sup> CMP filed its petition concerning the Wyman 4 settlement in Docket No. 97-580, because the ratemaking consequences of the asset sale were first determined in Docket No. 97-580. Because two subsequent proceedings have been conducted to set stranded cost rates for CMP (Docket Nos. 2001-232 and 2002-770), the Examiner directed that CMP's petition be processed in the latest docket involving CMP's stranded cost rates, Docket No. 2002-770. The Administrative Director opened a Phase II to that docket to process CMP's petition. All parties to Docket No. 2002-770 were made parties to Phase II.

<sup>2</sup> The discussions about CMP's litigation strategy and exposure were treated as privileged and subject to Protective Order.

Accordingly, we

**O R D E R**

1. That the Stipulation filed on September 26, 2003 is approved;
2. That CMP is authorized to offset the costs of the Wyman 4 Settlement, including reasonable legal fees, against the Asset Sale Gain Account, or to defer those costs on its books of account for future recovery in stranded cost rates.

Dated at Augusta, Maine, this 14<sup>th</sup> day of October, 2003.

**BY ORDER OF THE COMMISSION**

---

Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
Diamond  
Reishus

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 21 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.